



LAC-IEE-05-27

ENVIRONMENTAL THRESHOLD DECISION

Country:	Brazil
Activity Title:	Economic Opportunities for SME Growth, Trade and Poverty Reduction
Activity Number:	512-0411
Life of Project:	FY 2004 – FY 2006
Life of Project Funding:	\$3.5 million (\$2 million DA plus \$1.5 million ESF)
IEE Prepared by:	Eduardo Freitas, USAID/Brazil, Mission Environmental Officer
Recommended Threshold Decision:	Categorical Exclusion and Negative Determination with Conditions
Bureau Threshold Decision:	Concurs with recommendation

Comments:

This Environmental Threshold Decision amends LAC-IEE-04-59 and covers the following three components of SO 11 “Integrated Sustainable Development of Indigenous Groups in National Park Buffer Zones in Colombia:”

- Commercial clusters (cashew nuts, açai, honey and beachwear),
- FTAA promotion, and
- Social safety net activities such as agricultural and watershed management, produce production, small-scale construction (water cisterns, seed banks and warehouses).

Pursuant to the following sections of 22 CFR 216.2(c)(2):

- (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (**such as construction of facilities, etc.**);
- (iii) Analyses, studies, academic or research workshops and meetings;
- (v) Document and information transfers;

a **Categorical Exclusion** is issued to the FTAA promotion component.

A **Negative Determination with conditions** is issued for the following two SO 11 components: commercial clusters and social safety net activities.

Individual subactivities of these two components will conduct an environmental review in accordance with the conditions in the attached IEE. CTOs are responsible for making sure environmental conditions are met. It is the responsibility of the SO Team to ensure that activity related SOAGs, MAARDs and contracting documents contain specific instructions reflecting this Threshold Decision. Local implementing partners will be made fully aware of the environmental mitigation and monitoring requirements presented in this IEE. The SO 11 team will submit an annual report on compliance with the conditions at the end of each fiscal year (September 30) to the Mission Environmental Officer and the USAID/LAC/BEO. A pesticide IEE prepared in accordance with 22 CFR 216.3 (b) shall be submitted to LAC BEO for approval if SO 11 components support the use or procurement of pesticides.

Date

Victor H. Bullen
Bureau Environmental Officer
Bureau for Latin America & the Caribbean

Copy to:

Kevin Armstrong, Acting Mission
Director, USAID/Brazil

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Eric Stoner, MEO, USAID/Brazil
Eduardo Freitas, SME, USAID/Brazil

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Bruce Bayle, Regional Environmental
Advisor, USAID/Colombia

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Sarah-Ann Lynch, LAC/SA
Marissa Lemargie, LAC/SA

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IEE File

Attachment: IEE

File: P:\LAC.RSD.PUB\RSDPUB\EES\Reg 216\IEE\IEE05\IEE05-27.ETD(BR – SO11
Econ Opp).doc

INITIAL ENVIRONMENTAL EXAMINATION

Project Location:	Brazil
Project Title:	Economic Opportunities for Small and Medium Sized Enterprises, Trade and Poverty Reduction
Project Number:	512-0411
Funding:	\$2,000,000 (DA) \$1,500,000 (ESF)
Life of Project:	FY 04-FY 06
IEE Prepared by:	Eduardo Freitas, Economic Development Advisor
Through:	Kevin Armstrong, Acting Mission Director

A. DESCRIPTION OF PROGRAM:

This IEE amends the previously submitted IEE (LAC-IEE-04-59, attached), which refers to activities under Strategic Objective 11 (SO-11), “Economic Opportunities for Small and Medium Sized Enterprises, Trade and Poverty Reduction.”

SO-11 is focused on the following three areas: 1) small and medium-sized enterprise trade-led growth and employment; 2) promotion of the Free Trade Area of the Americas; and 3) targeted social safety net support.

Under the SME trade-led growth component, USAID will provide technical assistance to the following selected clusters: cashew nut, açaí (palm berry), honey, and beachwear. The FTAA promotion element will focus on training and capacity building activities. The social safety net program will develop organic agriculture, water collection and management systems, seed banks, community gardens, and community-based income generating activities.

B. RECOMMENDED ENVIRONMENTAL ACTION:

Based on 22 CFR 216.2(c)(2)(i), (iii), and (v), a **Categorical Exclusion** is recommended for activities involving training, education, technical assistance and other activities that will not have an impact on the natural or physical environment.

The SME component will provide trade-related technical assistance to four commercial clusters (cashew nuts, açaí, honey and beachwear). The social safety net aspect will include activities such as agricultural and watershed management, produce production, small-scale construction (water cisterns, seed banks and warehouses). These activities have the potential

to adversely impact the environment, though if properly designed and implemented, their negative impact will be negligible. A **Negative Determination with Conditions** is recommended with the following conditions:

- Documentation of compliance with federal, state and local environmental and labor regulations.
- Documentation of compliance with Environmental Guidelines for Development Activities in Latin America and the Caribbean, in particular Chapter 2 on *Environmental Issues and Best Practices for Small-Scale Infrastructure*, and Chapter 8 on *Environmental Issues and Best Practices for Agriculture and Watershed Management* (for further information, please log on to the following web site http://www.usaid.gov/locations/latin_america_caribbean/environment/compliance.html.)
- Regarding technical assistance activities to the cashew nut cluster, documentation of compliance with best practice guides such as the “*Normas técnicas e documentos de acompanhamento da produção integrada de caju*” (Technical Norms and Follow-up Documents for Integrated Cashew Nut Production) prepared by the Brazilian Agriculture Research Agency (EMBRAPA). For a full version of this document, please log on to http://www.cnpat.embrapa.br/publica/pub/SerDoc/doc_66.pdf. Harvesting from wild stands of cashews prevail in the cashew nut clusters to be supported by USAID. It is anticipated that no pesticides will be purchased or used by local harvesters of cashews. Therefore, sections on pesticides from the EMBRAPA guidelines are not applicable to the USAID-funded activities and are specifically excluded from the reference regarding technical assistance.
- Regarding technical assistance activities to the açaí cluster, documentation of compliance with best practice guides such as the *Management of Açaí* report prepared by the University of Sao Paulo’s Forestry Research Institute. For a full version of this document, please log on to <http://www.ipef.br/publicacoes/scientia/nr65/cap06.pdf>. Harvesting from wild stands of açaí prevail in the açaí industry in the state of Pará, where USAID will focus its assistance. It is anticipated that no pesticides will be purchased or used by local harvesters of açaí. Therefore, sections on pesticides from the University of Sao Paulo’s guidelines, if any, are not applicable to the USAID-funded activities and are specifically excluded from the reference regarding technical assistance.
- The Mission will carefully monitor these activities, using the tools outlined in the Environmental Guidelines for Development Activities in Latin America and the Caribbean and through the review of reports, on site project inspections, and will reserve the right of final review over sub-grants and activities during project implementation.
- The Mission will prepare and submit reports to the BEO and REA by the end of each fiscal year, and again at the end of the life of the project, describing whether

the guidelines and mitigation measures were implemented, whether they were effective, and recommending any changes.

A Supplemental IEE shall be submitted for construction of new infrastructure, other than those referred to above, if such activities are undertaken.

Kevin Armstrong
Acting Mission Director, USAID/Brazil

Date

Clearance page for IEE amendment for USAID/Brazil Strategic Objective 11.

Clearances:

LAC/BEO, VBullen	Victor Bullen	Date	6-22-2005
LAC/REA, BBayle	<i>Bruce Bayle</i>	Date	6-15-2005
LAC/SA, MDula	Sarah-Ann Lynch (for)	Date	7-12-2005
USAID/Brazil, EStoner	Eric Stoner	Date	6-15-2005
USAID/Brazil, Eunice Rea	Eunice Rea	Date	7-08-2005
USAID/Brazil, Nena Lentini	Nena Lentini	Date	7-08-2005



LAC-IEE-04-59

ENVIRONMENTAL THRESHOLD DECISION

Activity Location : Brazil

Activity Title : Economic Opportunities for SME Growth, Trade and Poverty Reduction

Activity Number : 512-0411

Funding : \$ 2,000,000 (DA)
\$ 1,500,000 (ESF)

Life of Activity : FY04-FY06

IEE Prepared by : Eunice Rea, Program Assistant

Recommended Threshold Decision : Categorical Exclusion

Bureau Threshold Decision : Categorical Exclusion
Deferral

Comments:

Based on the attached IEE, a **categorical exclusion** is issued, in accordance with 22 CFR 216.2 (c)(2)(i), (iii), & (xiv) for education, technical assistance and training programs and studies for promotion of Free Trade and Targeted Social Safety net activities.

A **Deferral** is issued per 22 CFR 216.3(a)(1)(iii), for SME activities because the types of activities have not yet been determined and further analysis may be necessary. A supplemental IEE evaluating the economic, social, and environmental risks and benefits of the planned SME activities needs to be submitted to and approved by the LAC BEO prior to commencing any assistance for SME activities other than identifying the types of activities that are eligible. If, after submission of the Supplemental IEE, the LAC BEO requests preparation of an Environmental Assessment or Environmental Impact

Statement, such document shall also be submitted to and approved by the LAC BEO prior to commencing any assistance for the SME activities.

The underlined statements will be a condition of the agreement with the implementing agency.

George R. Thompson, P.E.
Bureau Environmental Officer
Bureau for Latin America & the Caribbean

Clearance: GC: Jeff Lifur: email Date 9/13/2004

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Attachment: IEE